
INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Village of Myram

Report on the Financial Statements

We have audited the accompanying financial statements of Village of Myram, which comprise the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

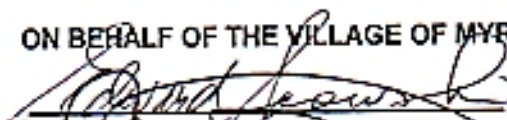
In our opinion, the financial statements present fairly, in all material respects, the financial position of Village of Myram as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

VILLAGE OF MYRNAM
Statement of Financial Position
Year Ended December 31, 2010

	2010	2009
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 374,707	\$ 114,891
Taxes and grants in place of taxes receivable (Note 3)	26,054	16,865
Trade and other receivables	31,853	34,447
Receivable from other governments	9,164	33,476
Inventory - land held for resale	23	23
	<u>441,801</u>	<u>199,702</u>
LIABILITIES		
Accounts payable and accrued liabilities	26,101	33,423
Deposit liabilities	5,000	7,978
Deferred income (Note 4)	413,080	231,206
Long term debt (Note 5)	54,792	70,282
	<u>498,973</u>	<u>342,889</u>
NET FINANCIAL ASSETS/(DEBT)	<u>(57,172)</u>	<u>(143,187)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	1,260,728	1,293,888
ACCUMULATED SURPLUS (Note 7)	<u>\$ 1,203,556</u>	<u>\$ 1,150,701</u>

Commitments and contingencies (Note 10) & (Note 11)

ON BEHALF OF THE VILLAGE OF MYRNAM



Mayor



Chief Administrative Officer

VILLAGE OF MYRNAM

Statement of Change in Net Financial Assets/(Debt)

Year Ended December 31, 2010

	2010	2009
EXPENSES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 52,857	\$ (105,652)
Amortization of tangible capital assets	78,793	72,041
(Gain)/loss on sale of tangible capital assets	(2,925)	2,539
Proceeds on disposal of tangible capital assets	2,925	10,151
Acquisition of tangible capital assets	(45,635)	(108,593)
INCREASE IN NET FINANCIAL ASSETS		
Net financial assets, as previously stated	(143,187)	10,345
Prior period adjustment (Note 12)	-	(24,018)
	\$ (57,172)	\$ (143,187)

VILLAGE OF MYRNAM
Statement of Operations
Year Ended December 31, 2010

	Budget 2010	2010	2009
REVENUES			
Net municipal taxes <i>(Schedule 1)</i>	\$ 194,270	\$ 192,213	\$ 181,713
Sales of goods and services	140,558	139,243	138,945
Government transfers for operating <i>(Schedule 2)</i>	94,586	76,254	55,229
Investment income	1,600	124	855
Penalties and costs of taxes	10,000	5,525	7,353
Other	112,400	114,775	25,133
	<u>553,414</u>	<u>528,134</u>	<u>409,228</u>
EXPENSES			
Legislative	17,050	15,010	15,521
Administration	148,855	151,951	197,609
Emergency services	41,568	45,148	47,958
Roads, streets, walks, lighting	131,197	172,828	475,106
Water supply and distribution	48,785	78,813	86,761
Wastewater treatment and disposal	7,270	16,924	17,457
Waste management	34,018	34,006	28,127
Family and community support	12,543	4,919	11,211
Parks and recreation	7,725	8,672	3,933
	<u>449,011</u>	<u>528,271</u>	<u>883,683</u>
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL	104,403	(137)	(474,455)
Government transfers for capital <i>(Schedule 3)</i>	319,000	52,994	368,803
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 423,403	\$ 52,857	\$ (105,652)

VILLAGE OF MYRNAM
Statement of Cash Flows
Year Ended December 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 52,857	\$ (105,652)
Items not affecting cash:		
Amortization	78,793	72,041
(Gain)/Loss on sale of tangible capital assets	(2,925)	2,539
	128,725	(31,072)
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(9,189)	(499)
Trade and other receivables	2,594	11,347
Receivable from other governments	24,312	(13,267)
Accounts payable and accrued liabilities	(7,320)	(5,379)
Deferred income	181,874	(170,482)
Deposit liabilities	(2,978)	(180)
	189,293	(178,460)
Cash flow from (used by) operating activities	318,018	(209,532)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(45,635)	(108,593)
Proceeds on disposal of tangible capital assets	2,925	10,150
Cash flow used by capital activities	(42,710)	(98,443)
FINANCING ACTIVITIES		
Repayment of long term debt	(15,490)	(10,618)
Proceeds from long term financing	-	49,000
Cash flow from (used by) financing activities	(15,490)	38,382
INVESTING ACTIVITY		
Decrease in restricted cash or cash equivalents	(181,876)	153,278
INCREASE (DECREASE) IN CASH FLOW	77,942	(116,315)
Deficiency - beginning of year	(116,315)	-
DEFICIENCY - END OF YEAR	\$ (38,373)	\$ (116,315)
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 124	\$ 855
Interest paid	\$ 2,222	\$ 3,717
DEFICIENCY CONSISTS OF:		
Cash and temporary investments (Note 2)	\$ 374,707	\$ 114,891
Less: restricted cash or cash equivalents (Note 2)	(413,080)	(231,206)
	\$ (38,373)	\$ (116,315)

VILLAGE OF MYRNAM
Schedule of Property and Other Taxes
Year Ended December 31, 2010

(Schedule 1)

	Budget 2010	2010	2009
TAXATION			
Real property	\$ 212,154	\$ 209,696	\$ 194,920
Linear property	7,671	8,280	8,113
Minimum tax	9,100	9,100	11,900
	228,925	227,076	214,933
REQUISITIONS			
Alberta School Foundation	30,291	30,291	29,246
Eagle Hill Foundation	4,364	4,572	3,974
	34,655	34,863	33,220
	\$ 194,270	\$ 192,213	\$ 181,713

VILLAGE OF MYRNAM

Schedule of Government Transfers for Operating
Year Ended December 31, 2010

(Schedule 2)

	Budget 2010	2010	2009
TRANSFERS FOR OPERATING			
Federal grants-operating	\$ 542	\$ 542	\$ -
Provincial grants-operating	94,044	75,712	55,229
	\$ 94,586	\$ 76,254	\$ 55,229

Schedule of Government Transfers for Capital

(Schedule 3)

	Budget 2010	2010	2009
TRANSFERS FOR CAPITAL			
Provincial grants-capital	\$ 319,000	\$ 52,994	\$ 368,803

Schedule of Consolidated Expenses by Object

(Schedule 4)

	Budget 2010	2010	2009
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 220,300	\$ 204,737	\$ 214,936
Contracted and general services	70,111	82,547	55,695
Materials, goods, supplies and utilities	147,752	164,095	497,267
Provision for allowances	80	(1,198)	34,493
Transfers to other governments	9,989	-	2,994
Bank charges and short term interest	779	335	2,154
Amortization of tangible capital assets	-	78,793	72,041
Interest on capital long term debt	-	1,887	1,564
Loss/(gain) on sale of tangible capital asset	-	(2,925)	2,539
	\$ 449,011	\$ 528,271	\$ 883,683

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Mymam are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting polices adopted by the municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are, therefore, accountable to the municipality Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Inventory

Inventory of materials and supplies for consumption are valued at the lower of cost or net realizable value with the cost being determined by the average cost method.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

a) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Buildings - permanent	50
Engineered structures	
Roads	30
Water system	40-75
Wastewater system	40-75
Machinery and equipment	10
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use.

b) **Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

c) **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Budget figures

Budget figures are included for information purposes only and are not audited.

2. CASH AND TEMPORARY INVESTMENTS

	2010	2009
Cash	\$ 372,942	\$ 113,201
Temporary investments	1,765	1,690
	<u>\$ 374,707</u>	<u>\$ 114,891</u>

Included in cash is a restricted amount of \$413,080 (2009 - \$207,188) for deferred income - *(Note 4)*.

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2010

3. TAXES RECEIVABLE

	2010	2009
Current	\$ 10,581	\$ 13,005
Arrears	17,661	28,662
Subtotal	28,242	41,667
Less: allowance for uncollectable accounts	(2,188)	(24,802)
	\$ 26,054	\$ 16,865

4. DEFERRED INCOME

Deferred income is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for in the purpose specified.

	2010	2009
Alberta Municipal Infrastructure Program (AMIP)	\$ 153,861	\$ 153,870
Municipal Sustainability Initiative (MSI) - capital	162,937	48,769
Municipal Sustainability Initiative (MSI) - operating	24,561	28,024
Heritage Canada	-	542
Myrnam Agricultural Society lease	1	1
Street Improvements Program (SIP)	21,720	-
Federal Gas Tax Fund	50,000	-
	\$ 413,080	\$ 231,206

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2010

5. LONG TERM DEBT

	2010	2009
Debenture debt	\$ 19,715	\$ 25,900
Bank loan	35,076	44,382
	\$ 54,791	\$ 70,282

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2011	15,635	1,802	17,437
2012	16,212	1,328	17,540
2013	16,812	522	17,334
2014	6,132	82	6,214
	54,791	3,734	58,525

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 3.05% per annum, before Provincial subsidy and matures in periods 2013. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the day borrowed.

Debenture debt is issued on the credit and security of the Village at large.

Bank loan is repayable in monthly instalments of \$876 including principal and interest at 3.6%. The bank loans are secured by a general assignment of property taxes receivable.

Interest on long-term debt in 2010 was \$1,887 (2009 - \$1,564).

The Village's total cash payments for interest in 2010 were \$2,222 (2009 - \$3,717).

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2010

6. TANGIBLE CAPITAL ASSETS

	2009 Opening Balance (restated)	Additions / Amortization	Disposals	2010 Closing Balance
<u>COST</u>				
Land	\$ 89,058	\$ -	\$ -	\$ 89,058
Buildings	378,351	20,788	-	399,139
Machinery and equipment	112,280	4,596	-	116,876
Vehicles	68,806	7,916	18,306	58,416
Engineered structures				
Roads and bridges	518,005	-	-	518,005
Water system	1,241,311	12,333	-	1,253,644
Wastewater system	462,706	-	-	462,706
Software	8,050	-	-	8,050
	2,878,567	45,633	18,306	2,905,894
<u>ACCUMULATED AMORTIZATION</u>				
Buildings	92,704	7,983	-	100,687
Machinery and equipment	28,347	11,688	-	40,035
Vehicles	40,906	5,842	18,306	28,442
Engineered structures				
Roads and bridges	376,949	17,267	-	394,216
Water system	679,592	23,880	-	703,472
Wastewater system	364,571	10,523	-	375,094
Software	1,610	1,610	-	3,220
	1,584,679	78,793	18,306	1,645,166
	\$ 1,293,888	\$ (33,160)	\$ -	\$ 1,260,728

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2010

7. ACCUMULATED SURPLUS

	2010	2009
Unrestricted surplus		
Unrestricted surplus, beginning of year - as previously reported	\$ (72,905)	\$ 81,881
Prior period adjustment	-	(24,018)
Excess/(deficiency) of revenues and expenses	52,857	(105,652)
Unrestricted funds designated for future use	-	9,365
Current funds used for tangible capital assets	(45,635)	(108,593)
Proceeds on sale of tangible capital assets	2,925	10,150
(Gain)/loss on disposal of tangible capital assets	(2,925)	2,539
Amortization of tangible capital assets	78,793	72,041
Long term debt repayment	(15,490)	(10,618)
Unrestricted surplus, end of year	(2,380)	(72,905)
	2010	2009
Restricted surplus		
Restricted surplus, beginning of year	-	9,365
Unrestricted funds designated for future use	-	(9,365)
Restricted surplus, end of year	-	-
Equity in tangible assets		
Equity in tangible capital assets, beginning of year	1,223,604	1,238,123
Current funds used for tangible capital assets	45,635	108,595
Proceeds on disposal of tangible capital assets	(2,925)	(10,150)
Gain/loss on sale of tangible capital assets	2,925	(2,539)
Amortization of tangible capital assets	(78,793)	(72,041)
Long term debt repayment	15,490	10,618
Long term debt financing	-	(49,000)
Equity in tangible capital assets, end of year	1,205,936	1,223,606
	\$ 1,203,556	\$ 1,150,701
Equity in tangible capital assets consists of:		
Net book value of capital assets	1,260,728	1,293,888
Long-term debt	(54,792)	(70,282)
	1,205,936	1,223,606

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2010

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Myrnam be disclosed as follows:

	2010	2009
Total debt limit	\$ 786,633	\$ 584,019
Long term debt	(54,792)	(70,282)
Amount of debt limit unused	\$ 731,841	\$ 513,737
Debt servicing limit	\$ 131,106	\$ 97,337
Debt servicing	(17,377)	(12,182)
Amount of debt servicing limit unused	\$ 113,729	\$ 85,155

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

9. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

		Salary	Benefits & Allowances	2010	2009
Mayor	Sosnowski	\$ 3,550	\$ 323	\$ 3,873	\$ 4,680
Councilors	Dubelt	5,780	1,275	7,055	5,200
	Yaremchuk	3,250	169	3,419	3,160
Administrator	Dupuis	45,717	4,068	49,785	14,304
	Howanyk	-	-	-	14,823

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

10. COMMITMENTS

The Village has entered in as a member of the Alberta Central East (ACE) Regional Water System. Phase One of the system is being developed in 2011. The expected contribution to the project that the Village has committed to for 2011 is \$113,062. It is not determinable if there will be any further costs, as only the first Phase has been confirmed to date.

11. CONTINGENCIES

The Village of Myrnam is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

12. CORRECTION OF A MISSTATEMENT

The prior year figures have been restated due to an understatement of the 2008 year end deferred revenues. To correct for the error, opening deferred revenues in 2009 have been increased \$24,018 and opening accumulated surplus has decreased by \$24,018. There is no effect in 2009 or 2010 to operating results of the Village.

13. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.